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Objection Deadline: October 3, 2008

Attorneys for Hilliard Farber & Co., Inc.

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In re: :  
: Chapter 11  
LEHMAN BROTHERS HOLDINGS INC., *et al.*, :  
: Case No. 08-13555 (JMP)  
Debtors. :  
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**LIMITED OBJECTION OF HILLIARD  
FARBER & CO., INC. TO DEBTORS' PROPOSED CURE AMOUNT**

Hilliard Farber & Co., Inc. ("HFCI"), by and through its undersigned counsel, respectfully submits this objection (the "Objection") to the cure amount proposed to be paid by Lehman Brothers Holdings Inc. ("LBHI," and, together with its affiliated debtor and debtor in possession, the "Debtors") to HFCI. HFCI respectfully states as follows:

1. HFCI and LBHI are parties to several agreements governing certain brokerage services, including a repurchase fee agreement dated May 2, 2005 (together, the "Subject Contract").
2. On September 17, 2008, the Debtors filed a motion with the Bankruptcy Court (the "Sale Motion") seeking authority to sell certain assets of the Debtors and a non-debtor affiliate to Barclays Capital, Inc. (the "Purchaser"). In connection with the Sale Motion, the Debtors sought authority to assume and assign certain contracts to the Purchaser. Prior to the

hearing on the Sale Motion, the Debtors scheduled the Subject Contract among the executory contracts that they sought to assume and assign to the Purchaser. The Debtors' proposed cure payment in connection with the Subject Contract at that time was \$215,000.00.

3. On September 19, 2008, HFCI filed a limited objection to the Sale Motion because, among other things, HFCI had not had sufficient time to review its books and records in order to determine the amount necessary to cure any defaults under the Subject Contract. The Sale Motion was approved by order dated September 19, 2008, but contained a provision affording all contract counter-parties an opportunity to object to the cure amount proposed to be paid in connection with the assignment of their contracts to the Purchaser.

4. Subsequent to approval of the Sale Motion, after the close of business on October 1, 2008, the Debtors made a revised schedule of contracts to be assumed and assigned to the Purchaser available on the website of their claims and noticing agent. This revised schedule designates the Subject Contract for assumption and assignment, but now schedules a proposed cure payment of \$0.00.

5. A review of HFCI's books and records reveals a payment default of not less than \$159,670.00 (the "Cure Payment"). Section 365(f)(2) of the Bankruptcy Code unambiguously requires the Debtors to assume the Subject Contract before assigning it to the Purchaser. And in order to assume the Subject Contract, the Debtors are required by Section 365(b)(1)(A) of the Bankruptcy Code to cure all defaults thereunder. Accordingly, the assignment of the Subject Contract to the Purchaser requires the Debtors to pay the Cure Payment to HFCI.

6. HFCI reserves the right to argue that the Subject Contract is not an executory contract or is not otherwise capable of being assumed and/or assigned. HFCI also reserves the right to supplement this Objection.

WHEREFORE, HFCI requests that the Court: (a) order the Debtors to pay the Cure Payment to HFCI; and (b) award HFCI such other or further relief as is just and proper.

Dated: New York, New York  
October 2, 2008

Respectfully submitted,

PATTERSON BELKNAP WEBB &  
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